

MINUTES OF SPECIAL MEETING
ILLINOIS GAMING BOARD
September 10, 1991
ALTON, ILLINOIS

A Special Meeting of the Illinois Gaming Board was held at 2:00 P.M. on September 10, 1991 at the Holiday Inn in Alton, Illinois. The Special Meeting was called by Chairman William J. Kunkle, Jr. and notice was duly and timely given to each Board member and to the general public in conformity with Section 2.02 of the Illinois Open Meetings Act.

The following Board Members were present: William J. Kunkle, Jr., Chairman; and Board Members J. Thomas Johnson and Raymond Niepert. Member Robert Gibson was present at the meeting via speaker telephone and was speaking from the offices of the Chicago Federation of Labor in Chicago, Illinois. Member William Chamblin was absent.

Also present were Morton E. Friedman, Administrator; Deputy Administrators Marcy Wolf, Joseph McQuaid, J. Thomas Hutchison and Chief Legal Counsel Donna B. More; other Gaming Board Staff, members of the media and the general public.

The meeting was called to order by Chairman William J. Kunkle, Jr. at 2:00 P.M. The first order of business was consideration of an application for a Supplier's License received from Kilmartin Industries, Incorporated. The Chairman recognized Mr. Friedman. Mr. Friedman recommended that the application be approved by the Board. He stated that Kilmartin Industries was already licensed as a supplier in Iowa and Nevada and that the staff's background investigation had revealed no derogatory information.

Mr. Niepert moved that the application of Kilmartin Industries, Incorporated to be a Supplier of Gaming Equipment or Supplies to be approved. Mr. Gibson seconded the motion. The Chairman called for the ayes and nays. The motion was approved 4 ayes, 0 nays by voice vote.

Mr. Friedman next requested approval of the Board to conduct a final practice gaming excursion with respect to the Alton Belle Casino. Mr. Friedman reviewed the items for approval that were included in his request. He stated that the casino's internal controls were adequate and had been approved by the outside audit firm of Ernst and Young. Both Board staff and Ernst and Young believe that the internal controls will provide a basis for the ongoing review and auditing of the enterprise and for the proper collection of taxes by the state. The proposed rules for games were adequate and correctly depicted how games would be conducted by employees of the Alton Belle Casino and the public. The surveillance and security aspects are adequate, although Mr. Friedman noted a minor problem with the Gaming Board surveillance room on board the boat due to a conflict with certain U.S. Coast Guard regulations. Mr. Friedman stated that he was confident that a reasonable and appropriate resolution of the problem would be implemented in the near future.

The Alton Belle is accessible to handicapped individuals. Mr. Friedman noted that the Alton enterprise has taken steps to assure that handicapped individuals were able to fully participate in cruises and gaming.

Hiring and staffing appear to meet balances by race and sex. Mr. Friedman noted that the enterprise had made efforts to recruit minority employees and that their efforts appeared to reflect the local labor market.

The slot monitoring system was tested and is properly functioning. The computer chips ("EPROMs") which control both the slot machines and video poker machines were tested and are in fact what they are represented to be. The EPROMs have been sealed into the machines by Board staff.

The Alton Riverboat Gambling Partnership has made a performance bond as required by the Riverboat Gambling Act and a copy thereof has been filed with the Board. The insurance coverage for the Alton Belle Casino has been reviewed by staff and appears to be adequate. The communication system for the payment of taxes has been established, tested and appears to be functioning properly. Mr. Friedman concluded that the Alton Belle was prepared for the final practice gaming excursion and upon its successful conclusion, was qualified to receive a temporary operating permit.

Chairman Kunkle asked for discussion and recognized Member Johnson.

Mr. Johnson asked Mr. Gerald Smith, a partner with the audit firm of Ernst and Young whether the surveillance system conflicted with the internal control system. Mr. Smith responded that there had been no conflict apparent during the review. Mr. Johnson noted that in the written report submitted by Ernst and Young that compliance had not yet been tested. Mr. Johnson noted that the statement was appropriate because the enterprise had not begun gaming operations and it was a standard statement issued in the audit industry. There were no further questions.

Mr. Johnson moved that the Board authorize the Administrator to conduct a final practice gaming excursion with respect to the application of the Alton Riverboat Gambling Partnership. Mr. Niepert seconded the motion. The Chairman called for the ayes and nays. The motion was approved 4 ayes and 0 nays by voice vote.

The Chairman asked for any old or new business. Member Johnson suggested that the Chair outline for the public the remaining process for final licensure of the Alton Belle Casino. Chairman Kunkle explained that the applicant was authorized to conduct its final practice with Board staff to test the internal controls and procedures. He noted that the Board would not be making decisions during the final practice excursion as it would be a staff investigative function. The Chairman noted that final licensing of the partnership would be the subject a future Board meeting. In response to a question of Member Johnson, the Chairman stated that representatives of Ernst and Young would be present during the final practice gaming excursion. There were no further questions or discussion.

Mr. Johnson moved that the Board stand adjourned. Mr. Niepert seconded the motion. The Chairman called for the ayes and nays. The motion was approved 4 ayes and 0 nays by voice vote, and the Illinois Gaming Board stood adjourned at 2:17 P.M.

Respectfully submitted,

JAMES A. NELSON

SECRETARY OF THE BOARD